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CENTRAL INTELLIGENCE AGENCY Office of Current Intelligence 13 November 1965

## INTELLIGENCE MEMORANDUM

The Indonesian Situation (Report #60 -- As of 4:00 PM EST)

1. The Indonesian army is reportedly angered and worried by President Sukarno's strong political counterattacks of the past week and feels that in order to maintain its present initiative a direct confrontation with Sukarno and his supporters is necessary.

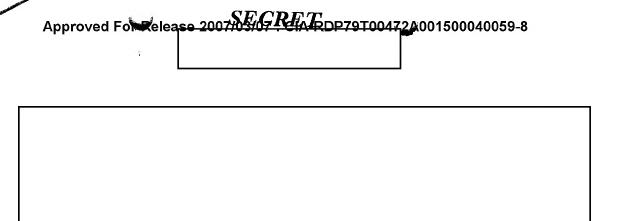
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the army intends to insist
that Sukarno delay no further a ban of the PKI and
plans a complete reorganization of the cabinet and
Supreme Operations Command (KOTI) which will remove
Sukarno's "yes men." In this respect, General Suharto
today announced that KOTI would "soon" be "overhauled
--to improve its efficiency."

- 3. In the light of Sukarno's recent assertion of authority, however, it appears unlikely that the army will be able to completely follow through on these actions. The US Embassy in Djakarta comments that the present situation appears likely to devolve into "a long-drawn out struggle for power."
- 4. Sukarno, meanwhile, has continued to put off his long-awaited "political solution" in an apparent hope that anti-Communist feeling will subside and the unusual unity now existing between Indonesia's non-Communist elements will disintegrate.

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6. A cabinet minister close to Sukarno told US Ambassador Green today that Sukarno felt most PKI members were loyal Indonesians not involved in the 30 September movement. As a result, he would not be "stampeded into accusations against broad categories of persons."